

Ex-General Denies Role in ITT Affair

—Reuter—

SANTIAGO, Chile, March 25—Retired army Gen. Roberto Vialux denied today that he received money from the U.S. Central Intelligence Agency or "any other organization" to plot against President Salvador Allende.

Vialux was implicated by U.S. newspaper columnist Jack Anderson, in his allegations about a conspiracy between the CIA and the International Telephone and Telegraph Corporation (ITT) to prevent Allende's takeover in October, 1970, as their proposed substitute.

State Department Denies Any Move to Block Allende

By TAD SZULC

Special to The New York Times

WASHINGTON, March 23—The State Department said today that the Nixon Administration had "firmly rejected" any ideas of blocking the inauguration of Salvador Allende Gossens as President of Chile in 1970, or of subsequently ousting him.

The department's statement was the first public comment on letters and memorandums attributed to the International Telephone and Telegraph Corporation that purported to show the company sought the cooperation of the United States Government in preventing Dr. Allende, a Marxist, from taking office.

But the State Department refused to deny specifically an assertion in one of the memorandums that the United States Ambassador in Santiago had received the "green light" from Washington to do everything possible short of military intervention "to keep Allende from taking power."

Charles W. Bray 3d, the department's spokesman, described the assertion as "hear-

say and opinion" and said he was "not going to get into a dissection" of the communications between Washington and Santiago during that period.

Copies of the letters and memorandums, which were said to be from the internal files of I.T.T., were made available to the news media yesterday by Jack Anderson, the syndicated columnist, after he had based two columns upon them.

This material, it was reported from Chile, has proved a political windfall for Dr. Allende, with the Government press and television contending that the documents confirmed left-wing charges of 1970 of United States involvement in a plot against the President. [Page 6]

The Senate Foreign Relations Committee has called a private session for tomorrow morning to decide whether it should hold broad public hearings, as suggested by a number of Senators,

on what influence multinational corporations have on the formulation of United States foreign policy.

The material made public by Mr. Anderson purported to show that the company had sought action against Dr. Allende because it feared that his Government would nationalize the numerous I.T.T. holdings in Chile. The company is currently involved in negotiations with Santiago over compensation for its share of the Chile Telephone Company, which was taken over last October.

If a Senate inquiry is ordered, it would be the second into the affairs of I.T.T. The Senate Judiciary Committee is looking into charges that the company offered to help finance this year's Republican national convention in return for a favorable settlement of an antitrust case by the Department of Justice.

I.T.T. has offered no further comment on the Anderson documents, since denying on Tuesday after his first column on them was published, that it

had sought to interfere in Chile's politics. It has not said whether the material distributed by Mr. Anderson was authentic.

But State Department officials said unofficially that there was not much doubt about the authenticity of the material. They made it clear that the statement issued today was directly related to the letters and memorandums. Mr. Bray, however, never used the name of the corporation in commenting on them.

Nixon's Message Cited

At his regular news briefing, Mr. Bray first read the section on Chile from President Nixon's annual State of the World Message, sent to Congress last month. The section said: "The hemisphere community is big enough and tolerant enough to accept a diversity of national approaches to human goals. We, therefore, deal realistically with governments as they are, right and left."

Mr. Bray went on to read a passage in the message that said the United States respected "the hemispheric principle of nonintervention" and that "Chile's leaders will not be charmed out of their deeply held convictions by gestures on our part."

He then pronounced as an official State Department statement: "Any ideas of thwarting the Chilean constitutional process following the election of 1970 were firmly rejected by this Administration."

Answering questions, Mr. Bray said that his statement also covered the period after President Allende's inauguration on Nov. 3, 1970. Dr. Allende was elected on Sept. 4 and his election was confirmed by the Chilean Congress on Oct. 24.

Role by C.I.A. Denied

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When asked whether the disclaimer by the Nixon Administration of any intention to intervene in Chile included the Central Intelligence Agency, Mr. Bray replied, "Of course."

One of the documents described a plan of action attributed to the C.I.A. for the fostering of economic chaos in

Chile to encourage a military coup d'état preventing Dr. Allende's inauguration.

Mr. Bray, however, stood fast on his refusal to offer a formal denial of the assertion that instructions were sent to Edward M. Korry, the American ambassador in Santiago, to prevent the inauguration of Dr. Allende.

The assertion was contained in a memorandum purportedly sent on Sept. 17, 1970, to the company's vice president in New York, E. J. Gerrity, by two I.T.T. public relations representatives in Santiago, Hal Hendrix and Robert Berrellez, both former newsmen.

'Green Light to Move'

The memorandum said that on Sept. 15, Ambassador Korry "finally received a message from the State Department giving him the green light to move in the name of President Nixon."

"The message gave him maximum authority to do all possible — short of a Dominican Republic-type action — to keep Allende from taking power," the purported message said. This referred to the landing of American troops in the Dominican Republic in 1965 to cut short a civil war.

Pressed by newsmen for comment other than that these assertions were in the category of "hearsay" or "opinion," Mr. Bray said he wanted to discourage "speculation" that the I.T.T. report might be true after in the light of his refusal to issue an outright denial.

Later in the day, senior State Department officials said that "there was no room for a green light" to Ambassador Korry in the framework of the policy as stated by Mr. Bray. But they, too, shied away from a formal denial, though speaking unofficially.

Officials said that later today Under Secretary of State John N. Irwin 2d had assured the Chilean Ambassador, Orlando Letelier, that the United States had committed no "wrongdoing" in its dealing with the Allende Government.

I.T.T. Dispute Helps Allende Politically

By JUAN de ONIS

Special to The New York Times

SANTIAGO, Chile, March 23 — The so-called "Chile papers" purported to come from the files of the International Telephone and Telegraph Corporation have provided a political windfall for President Salvador Allende Gosseps.

The 82 pages of documents made public on Monday by Jack Anderson, the syndicated columnist, picture I.T.T., which owned the Chile Telephone Company, as pressuring the United States Government to prevent Dr. Allende, Chile's leftist leader, from taking office after he won the presidential election of Sept. 4, 1970.

From election day until Congress ratified Dr. Allende's victory on Oct. 24, the leaders and newspapers of the Communist and Socialist parties constantly denounced what they said was a plot by the Central Intelligence Agency to keep Dr. Allende from taking office.

New Campaign Charged

The Government press and television system are now devoting most of their space and time to the purported documents, claiming that they not only confirm the left-wing charges of 1970, but also show that there is a campaign at present to topple Dr. Allende and that the C.I.A. is behind it.

Many of the papers were the work of a private intelligence unit made up of former newspapermen, most of whom had experience in Latin America, employed by I.T.T. The company has extensive investments in Latin America in telephones, communications equipment, manufacturing, hotels and car rental.

"The revelations in the United States of the documents should convince every Chilean that the nation's independence is at stake today," said Jaime Gazmuri, a Social Christian leader and supporter of Dr. Allende.

Last night the Government television channel linked I.T.T. and the C.I.A. to the right-wing plot in which General Rene Schneider, Commander in Chief of the army, was assassinated Oct. 22, 1970, in a bungled kidnapping.

25 Await Sentencing

Gen. Roberto Viaux Marambio and 24 other people are in jail awaiting sentencing for sedition in the assassination, which had the effect of solidifying military opinion in favor of the "legality" of Dr. Allende's election by Congress.

One of the purported documents, a confidential report from Robert Berrellez, a former correspondent of The Associated Press hired as a political investigator by I.T.T., said on Oct. 16, 1970, that "Viaux was told from Washington last week not to act."

"As part of the persuasion to wait," it said, "Viaux was given verbal assurances that he would receive material help and supported from the United States."

In an editorial today, El Siglo, the Communist party newspaper, said that "everything indicates that the C.I.A. has not abandoned its intentions" and that "attempts have been detected to free Viaux" from prison here.

The left-wing organs appear to be trying to whip up public agitation against what El Siglo called "the right-wing conspiracy" to overthrow Dr. Allende with foreign support.

El Siglo said that the C.I.A. was working against Dr. Allende through the conservative National party, the small Democratic Radical party and the militantly right-wing Fatherland and Liberty Movement.

An immediate result of the left-wing campaign has been the banning by the Minister of

the Interior, Hernan del Canto, of a previously authorized march tomorrow by wives of 2,000 workers at the privately owned paper company that produces most of Chile's newsprint. The march was to be in protest against plans to expropriate the company.

A similar march in December swelled into a protest demonstration against food shortages and against a visit here by Prime Minister Fidel Castro of Cuba. The march had to be dispersed with tear gas.

However, a Government-sponsored labor rally in favor of the nationalization of 91 private industries went ahead today on schedule, causing the opposition parties to charge the Government with discrimination.

The Chile Telephone Company, which has been under Government "intervention," or provisional state administration since Sept. 23, 1971, is on the list of companies to be nationalized.

But the anti-Marxist majority in Congress, led by the Christian Democratic and National parties has adopted a constitutional reform that strips Dr. Allende of the power to extend state ownership by decree and requires a law in each case of nationalization.

This has created the most serious problem yet faced by Dr. Allende in carrying out his program to socialize the "heart of the economy," meaning all basic mining, banking, transport and industrial enterprises, as well as export and domestic wholesale commerce and 3,000 large farms.

Congress Session Recessed

Dr. Allende had until last night to veto the constitutional reform, but through a parliamentary device he declared the present special session of Congress in recess for 10 days while the Government negotiates with the Christian Democrats on a compromise.

When Dr. Allende won his plurality of 36.3 per cent of the vote in the presidential election, all foreign and domestic private enterprise here was faced with a crisis.

Nationalization of the Chile Telephone Company, which I.T.T., had operated here since 1930, was part of the program of Dr. Allende's Popular Union coalition. This telephone company, the largest in Chile with 360,000 telephones, was one of the biggest earners in the I.T.T. world system, regularly earning over \$10-million a year.

Two of the former newspapermen employed by I.T.T.'s private intelligence unit, which was set up in the late nineteenth sixties, were Hal Hendrix, who

won a Pulitzer Prize in 1962 for his reporting Cuban missile crisis in 1962, and Mr. Berrellez, who had 20 years of reporting experience in Latin America.

Aides Visited Chile

Both were in Chile on several occasions during September and October, 1970, reporting to I.T.T.'s home office in New York on political developments. Most of the I.T.T. documents appear to be confidential reports sent by them during this period.

One development was an economic report to the nation by the then Minister of Finance, Andres Zaldivar, a Christian Democrat, picturing an economic collapse through the flight of capital from Chile and the loss of foreign credit.

The pro-Allende political coalition denounced the report as part of a "campaign of terror" intended to generate opposition to the installing of Dr. Allende.

This is one of the tactics described in a purported document reporting on a meeting between a representative of I.T.T. and William V. Broe, who was then C.I.A. director for Latin America.

There were frequent private consultations at the time between the American Ambassador, Edward M. Korry, and an informal committee of local managers of United States companies. Participants said that Mr. Korry held the view that if Dr. Allende and his coalition came to power the future for foreign private enterprise in Chile was poor, and that Chile would become a socialist dictatorship.

These sources said, however, that no concerted political action by American enterprises here to prevent Dr. Allende from winning a congressional mandate had been discussed in committee sessions.

As for the possibility that General Viaux, a retired general, would organize a successful military coup against the installing of Dr. Allende, it was believed at that time by United States military advisers that such action would be folly.

The legal tactic for blocking Dr. Allende in the Congress, having a majority vote for Jorge Alessandri, the Conservative independent who was runner-up, was supported by Mr. Korry until the Christian Democratic national directorate, in a decisive test, chose to vote with the Left to elect Dr. Allende. In return, the party won constitutional reforms providing stronger guarantees for press freedom and free labor and other measures intended to assure the exercise of democratic opposition.

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ITT's View of Chile: How Accurate the Picture?

By Lewis H. Diuguid
 Washington Post Foreign Service
 SANTIAGO, March 22

The Anderson documents that have the greatest impact on U.S. relations abroad, talking of a "green light" from President Nixon for a coup in Chile, are drawn from obscure and questionable sources.

While the documents that Jack Anderson says were obtained from the Washington ITT office show in astonishing detail just whom the company officials were but-tonholing in the United States, this is not the case in the equally sensational messages from two ITT officials in Latin America.

The messages not only talk of active U.S. intervention, but make embarrassing assessments of former President Eduardo Frei and his relations with then-Ambassador Edward Korry.

These tidbits have provoked intensive press coverage here. Socialist President Salvador Allende, the target of the alleged coup attempt, has remained silent and ordered his government to do likewise.

The distinction between the documents said to originate in the United States and those that were sent there from Latin America is an important one.

Two former newsmen employed by ITT as public relations officials for the company's Latin American operations have been revealed as authors of the dispatches from the field.

The two are Robert Berrellez, long-time Associated Press reporter in Latin America now based in Buenos Aires for ITT, and Hal Hendrix, former Scripps-Howard reporter in the area which he now covers out of New York-Miami for ITT.

Berrellez is known among foreign correspondents in Latin America for having held highly conservative opinions about Latin American politics without having let these views show in his AP copy. Hendrix gained some fame for his insistent reporting on what he alleged was a Communist threat in the Dominican Republic in 1964 prior to the U.S. Intervention there.

Statements in Messages

Anderson's documents include these statements laid to Berrellez and Hendrix, with the attribution to one or the other blurred. The date is Sept. 17, 1970, 13 days after the popular vote victory of Allende:

• Ambassador Korry "finally receiver (Sept. 15) a message from the State Department in which he was given the green light to take action in the name of President Nixon" to prevent Allende from taking office. Korry was said to have "maximum authority to do all possible short of a Dominican Republic-type action."

• The key figure was Frei; the question was how much pressure could be exerted on him. "Korry has never let up on Frei, to the point of telling him how to 'put his pants on,'" the same message said.

None of the documents reveals the writers' sources of this information, though the indiscretion of the views themselves indicates that the authors had no compunction about protecting a source.

Berrellez has said in Buenos Aires that he would not discuss the story beyond denying its authenticity. Hendrix was not available. But some assessment of possible sources can be made here in retrospect.

'In, Out of Embassy'

Hendrix and especially Berrellez visited often in Santiago during the electoral period of late 1970, as did a large number of U.S. newsmen. One of the prime sources of news and opinion, in individual and collective "backgrounders," was Korry, himself a former UPI reporter.

The ITT men did not attend these sessions, but they, too, were, in the words of an official, "in and out of the embassy."

It is possible, but unprovable, that Korry or some equally informed official, revealed to the ITT men what was never hinted at among newsmen. But by my personal account and those of other newsmen present, Korry never alluded to anything like the two colorful quotes' content.

On the other hand, such stories were rife in the rumor mills of Santiago's then-desperate right wing.

No Reply From Frei

As for the matter of Korry telling Frei how to put his pants on, I read this quote to the former President, who has gained considerable respect in Latin America.

Frei had no reply for publication, just as he refused to respond a couple months ago when a writer accused him—without citing sources—of taking part in a machination against Allende.

However, on request, members of Frei's staff searched the records and

declared today that throughout the September-October period in question, Frei did not once see Korry.

My personal recollection is that Korry was seeing no gations so frequently heard

here that the Americans were meddling in the election.

This does not preclude phone conversations, but Korry denied at the time having talked to any political figures. Korry's alleged characterization of the Chilean army as "a bunch of

toy soldiers" is the sort of remark he was inclined to make in the security of non-attribution, but he was not known to reveal matters of state. Far from it.

One of the rare messages in which Berrellez or Hendrix do cite a source in the Washington documents is an extensive interview with a well-known conservative Chilean politician, whose forebodings of doom under Allende jibe with the overall tenor of the ITT men's own assessments.

The material originating in Latin America does not focus on conversations with the CIA, although it does

talk of promised aid to plotter Gen. Roberto Viaux. "It is a fact," say the reporters, without saying how so.

The flip tone of the opinions makes it clear that the ITT men had little or no fear of their message being read outside their channel to ITT's vice president in New York for public relations, E. J. Gerrity.

That channel seems to have normally been Berrellez-to-Hendrix-to-Gerrity. Yesterday, before the names of the two men had been revealed, the government manager of the now-nationalized ITT phone subsidiary here declared that records show

an unusual amount of ITT-
originated traffic from San-
tiago to Rio de Janeiro and
to San Juan, Puerto Rico.

The Rio connection is un-
clear, but Hendrix was
spending much time in San
Juan, where ITT interests
are extensive, and apparent-
ly second-handing Berrellez's
reports from here, or from
Buenos Aires, to ITT in New
York.

This comment by the gov-
ernment manager also shows,
implicitly, that Chile's pres-
ent government has not
found a means to learn the
content of ITT's private in-
ternational traffic.

Indeed, though from their

first days in office Allende
and his most trusted cabinet
members have alluded to
plots of the CIA, the Chilean
right wing and the foreign
companies—and these allu-
sions continue — few facts
have appeared. The most nota-
ble of these few were con-
nected with the conviction of
Viaux and others for taking
part in the killing of the
Chilean army commander
just at the time of Allende's
election by Congress.

The chief of investigations
for the Interior Ministry
showed great interest in the
content of the Anderson pa-

pers, but said that he himself
had nothing to add to them.

Until Allende decides how
to react to the most recent
revelations, it will be difficult
to measure the probable dam-
age to American-Chilean rela-
tions.

Almost certainly ITT's
hopes for a high compensa-
tion for its nationalized phone
company are lessened, and
the future of the company's
other properties here has
been jeopardized.

And the zippy copy of a
former newsman, revealed
where it was not intended to
be, will be a bitter burden
for former President Frei to
carry in Chile's hard-played
politics.

Columnist Offers More Material Said to Link I.T.T.

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NEW YORK TIMES

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PAGE 17

to Move Against Allende

Special to The New York Times

WASHINGTON, March 22—

Jack Anderson made public today additional material purporting to show—beyond the reports in his syndicated columns earlier this week—the extent of the efforts by the International Telephone and Telegraph Corporation in 1970 against President Salvador Allende Gossens of Chile.

This material, which was made available to news media, traced what were said to be the activities of the giant corporation to block Dr. Allende's inauguration and later to push the United States into policies designed to bring about his downfall.

Neither I.T.T. nor the Nixon Administration was willing to discuss the Anderson papers even to the extent of whether they are authentic.

The documents also portrayed the corporation in the role of recommending new United States policies for all of Latin America.

Internal company memoranda allegedly written by I.T.T. officials recounted interviews with leading United States policy-makers and offered highly critical appraisals of their positions and personalities, notably in

the cases of the Assistant Secretary of State for Inter-American Affairs, Charles A. Meyer, and the former Ambassador to Chile, Edward M. Korry. Neither was available for comment.

Several Senators urged an investigation by the Senate Foreign Relations Committee into the involvement of American corporations in the process of foreign policy formulation in Washington, focusing on the alleged I.T.T. involvement in the Chilean situation.

Fulbright Seeks Inquiry

Among the Senators suggesting an inquiry were J. W. Fulbright of Arkansas, the committee chairman, and Frank Church of Idaho, chairman of the subcommittee on Western Hemisphere affairs, which presumably would handle any investigation.

Senate sources said that Secretary of State William P. Rogers assured the Foreign Relations Committee during an executive session this morning that the Administration had not acted in a "wrongful manner" in the Chilean situation.

Mr. Rogers appeared before the committee primarily to testify about proposed State Department employee grievance procedures.

Mr. Anderson, quoting from what he called I.T.T. internal

List of Holdings Of I.T.T. in Chile

The International Telephone and Telegraph Corporation employs about 7,900 workers in six chief affiliates in Chile.

The largest of these operations is the Chile Telephone Company of which I.T.T. owns 70 per cent, the remainder being held by Chilean interests. The telephone company, which now employs about 6,000 workers, began operating in 1930 under a 50-year concession. The Chilean Government took over the operation on Sept. 29, 1971.

I.T.T. has placed a value of \$153-million on the operation and has asked the Overseas Private Investment Corporation, a United States Government agency, for up to \$108-million in compensation.

Other I.T.T. affiliates in Chile include Standard Electric of Chile, a manufacturer of telecommunications equipment, employing 900; two Sheraton Hotels, employing 700; ITT World Communications, with 125; World Directories, Inc., with 150, and All American Cables and Radio, employing 35.

documents, said in his column yesterday that the corporation and the Central Intelligence Agency had joined forces in planning measures designed to prevent the inauguration of Dr. Allende, a Marxist, as president. Dr. Allende was elected Sept. 4, 1970, and inaugurated in November.

The Anderson column this morning quoted two I.T.T. rep-

resentatives in Santiago as having reported to company headquarters in New York on Sept. 17, 1970, that Ambassador Korry "finally received a message from the State Department giving him the green light to move in the name of President Nixon."

'Maximum Authority'

Copies of the purported memorandum made available by Mr. Anderson said that Mr. Korry had received "maximum authority to do all possible—short of a Dominican-type action—to keep Allende from taking power."

The reference to a "Dominican-type action" was to the landing of United States troops in the Dominican Republic in 1965 during a civil war there.

Senate sources said they gained the impression that Secretary Rogers was denying that any instructions of this nature had been given to Ambassador Korry, as well as denying the existence of C.I.A. plans for a military detour against Dr. Allende.

But, some senators said, Mr. Rogers appeared to be "ill-briefed" on the matter.

The State Department, clearly sensitive to the protests in Chile after publication of the first reports from the Anderson columns, refused for the second day to comment in any way on the new I.T.T. controversy and its effect on the United States Government.

Korry Unavailable

Mr. Korry also refused for the second day to accept telephone calls from newsmen. Since his return from Chile, he has been associated with the Overseas Private Investment Corporation, a Government agency that insures the invest-

ments of American companies abroad.

I.T.T. entered a \$105-million insurance claim with this agency after the seizure by Chile last October of the Chilean telephone company, in which the I.T.T. had a 70 per cent interest.

Negotiations are under way

between Chile and I.T.T. to establish the amount of compensation to be paid the corporation. This month, however, I.T.T. reportedly rejected a Chilean proposal to have an international panel assess the value of the telephone company.